

**NATURAL RESOURCES COMMISSION  
POLICY COMMITTEE ON FINANCE AND ADMINISTRATION**

**LANSING CENTER  
333 E. MICHIGAN  
LANSING**

**MAY 11, 2005**

**PRESENT FOR THE COMMITTEE**

Frank Wheatlake (Chair)  
Jerry Hall  
Darnell Earley

**OTHERS PRESENT**

Bill Bobier, MUCC and Earthscape  
Rich Bowman, Michigan Council of Trout Unlimited  
Jim DeClerck,  
Jenny Harrison, State Budget Office  
Bill Manson, Michigan Snowmobile Association  
Andy Pelt, Michigan Steelheaders Association  
Kathy Pietila, Department of Management and Budget  
Jessica Runnels, Senate Fiscal Agency  
Donna Stine, MUCC  
DNR Staff

The meeting convened at 9:35 a.m.

**Dennis Fedewa, Chief Deputy**, reviewed the agenda for the meeting.

**Commissioner Wheatlake (Committee Chair)** introduced **Representative Howard Walker** who is on the House Appropriations Committee and Chairs the House Subcommittee on Natural Resources.

\* \* \*

The Chairman of the Natural Resources Commission has asked the NRC Policy Committee on Finance and Administration to review where the DNR is, financially, determine problem areas, and provide long-term funding solutions. This is a multiple part process. This meeting's discussions consists of demographics providing an indication of license revenues. The next meeting on June 2 will address what will happen if the DNR does not acquire additional funding. The DNR has prioritized programs. Further, issues will be discussed as to whether the DNR is providing a quality opportunity and the costs of doing so.

Comparisons will then be made with other states. Additionally, review will be given to restricted funds and opportunities to manage these funds differently, i.e., funding caps.

## **REVIEW OF DEMOGRAPHIC TRENDS - HUNTING**

**Bill Moritz, Chief, Wildlife Division**, reviewed demographics, recruitment and retention of Michigan hunters.

Fewer people are buying the most popular licenses. For example, between 1999 and 2004, 9 percent fewer deer licenses were sold; 12 percent fewer waterfowl licenses were sold; 35 percent less elk licenses were sold; and 16 percent fewer small game licenses were sold. Deer hunter participation has remained consistent among the youngest hunters since 1970. Since 1981, there has been declining participation in most other age classes and age class 55-64 is increasing. A need exists to keep hunters interested and involved. For small game, there has been a declining participation since 1960 among all age classes.

A 20 year average (1960-79) of hunters shows that 2.4 percent of small game licenses and 5.9 percent of deer licenses were sold to females. From 2002-04, 3.2 percent of small game licenses and 8.1 percent of deer licenses were sold to females.

## **REVIEW OF DEMOGRAPHIC TRENDS - FISHING**

**Tammy Newcomb, Acting Assistant Chief, Fisheries Division**, reviewed demographics, recruitment and retention of Michigan fishers.

From 1999-03, there was a 6 percent decline in fishing license sales. Fishing license sales peaked in 1987 and have been declining annually with the 22-40 age group declining the most. Restricted species are showing the greatest decline in sales of approximately 19 percent. Approximately 30 percent of men ages 25-65 purchase a license, and only 7 percent of women ages 21-60 purchase a license. Participation by anglers 60 and older remains consistent. Nonresident license sales have declined 10 percent where non-resident-all species license sales have increased 19 percent. Ninety percent of the licenses sold are sold in-state.

**Ms. Newcomb** reviewed items that influence angling participation: quality of the fishery; weather; economy; competing hobbies; changes in family unit; and changes in social patterns.

**Bill Bobier** questioned what the difference in price for an all-species resident, and all-species non-resident fishing license. Tammy Newcomb responded that an all-species non-resident is \$34 and a resident is \$28.

**Commissioner Wheatlake** believes that, with 30 percent of the males and 7 percent of females who fish, there is an opportunity to get participation from others.

Regarding hunting, **Dr. Moritz** said the most positive hunting statistic is that young hunters are participating in deer hunting but there is more work to do to promote small game hunting. Access and habitat are two issues to address.

Discussion ensued regarding what 25-45 aged males do. **Commissioner Wheatlake** believes there is a large amount of time spent, both parents and children, on athletics. These activities take a great deal of time. **Donna Stine, MUCC**, recommended taking a look at those individuals to determine what can be done to promote hunting and fishing.

**Andy Pelt, Michigan Steelheaders Association**, suggested that the fishing regulations may be too complicated. **Director Humphries** said that the DNR Management Team has discussed increasing the user base. Many outdoor users are becoming more specialized. There are fewer generalist hunters and fishers, and more specialty hunters and fishers. Regulations do reflect that. The consequence of that is the detailed regulations that exist.

**Bill Bobier** said that the focus tends to be specific and that consideration should be given to simplifying them.

### **FEDERAL ALLOCATION TRENDS**

**Dr. Moritz** reviewed the Pittman Robertson Fund or federal dollars available to the DNR (luxury tax on guns, ammunition, etc.). Several items, including the Brady Bill and 9/11, have affected munitions sales. Therefore, declining hunter numbers are nation-wide. He stated that more than the Game and Fish Fund is affected from the reduction in hunters. It also affects the Deer Range Improvement Fund as well as the amount of money from the Federal government that tie into the shooting sports.

### **STATUS OF GAME AND FISH PROTECTION FUND – GENERAL PURPOSE**

**Dennis Fedewa, Chief Deputy**, stated that the 2007 Fund deficit has been increased to \$8.1 million, because of compounding of salary and wage escalators that are built into union contracts. These numbers will change based on spending and lapses each fiscal year, quarterly revenues, and activity reduction plan savings.

## **FUNDS REVIEW**

**Sharon Schafer, Chief, Budget and Support Services**, reviewed the following funds:

### **Forest Development Fund**

The DNR is experiencing record revenues to this Fund due to market conditions. **Lynne Boyd, Chief, Forest, Mineral and Fire Management Division**, said that unique circumstances are occurring now. The global market is causing the price of lumber to rise in Michigan. The tsunami, hurricanes and other natural disasters have increased the price of wood. Out-of-state bidders are coming to Michigan to bid. The fund balance exceeds the spending cap allowance, but may be absorbed through economics, forest certification efforts, and planning. The Legislature appropriates the expenditures from this fund.

**Ms. Boyd** stated that there are two years worth of marked timber yet to be harvested. The industry is requesting that 85 percent of all timber come from forest certified lands. If the State does not get certified, there will be a very limited demand for timber from State lands. January 1, 2006 is the target for certification. **Commissioner Hall** stated that, a viable timber industry in Michigan requires Federal support. **Director Humphries** stated that the Federal government is moving away from timber production and is moving toward forest recreation and habitat.

**Mr. Bobier** said that Michigan has a great deal of private timber lands. The large percentage of non-industrial private timber lands is a huge problem and has impacted the timber supply.

### **Forest Recreation Fund**

This Fund is generated from state forest camping fees. The last State forest campground fee increase was in March 2002. A fund deficit is projected for FY 2005 and FY 2007. Fee increases are under the authority of the Natural Resources Commission with a six month advance notice to the Legislature. A majority of this fund goes into maintenance of the forest campgrounds.

### **Off-Road Vehicle Trail Improvement Fund**

The fee setting authority on this fund is the Legislature. The last ORV license fee increase was in 1996. Of the \$16.25 license fee, \$15.00 is deposited into the ORV Trail Improvement Fund, \$.25 is retained by the dealer who sold the license, and the remaining \$1.00 is deposited into the Safety Education Fund. The fund balance is increasing. Legislative proposals exist to change the percentages in FY 2006 that have been discussed with the ORV Advisory Committee who recognize that ORV trail law enforcement needs to be elevated.

**Jim DeClerck** questioned: of the 24 percent of the 31.25 percent of \$15.00 that goes to the County Sheriff's Department, does the county actually provide that percentage of service? **Alan Marble, Chief, Law Enforcement Division**, said the DNR is the lead law enforcement agency because they have the equipment and that the counties work in partnership with the DNR officers.

### **Snowmobile Funds**

This fund is derived from snowmobile registration fees (\$22), snowmobile trail permit stickers (\$25) and from gas sales. The last snowmobile registration fee increase was on March 23, 1999 and increased to \$22 from \$15. The last snowmobile trail permit sticker increase occurred on June 1, 2005 and increased to \$25 from \$20.

The snowmobile registration fee is divided as follows: not less than \$5 of the \$22 paid for each snowmobile registration fee is deposited into the Snowmobile Trail Improvement fund; not more than \$3 is allocated to the Department of State for administration of the registrations; and \$14 is allocated to the DNR for financial assistance to county sheriffs' departments and local law enforcement agencies for local snowmobile programs.

The Snowmobile Trail Permit Sticker fees (\$25) is divided as follows: \$23.50 is allocated to the Snowmobile Trail Improvement Fund; \$.50 is retained by the DNR for administrative costs; and \$1.00 is retained by the agent selling the permit.

The Recreation Improvement Fund receives two percent of all state gasoline taxes; 14 percent of that amount is deposited into the Snowmobile Trail Improvement Fund.

There is a statutory ceiling of \$1.6 million in the Snowmobile Registration Fund. If the ceiling exceeds \$1.6 million, the fund balance is transferred to the Snowmobile Trail Improvement Fund and utilized for the development of the trails. This fund will be watched to ensure it remains healthy.

**Bill Manson, Michigan Snowmobilers Association**, commended staff on the work that has been done on the snowmobile trails programs and said it has been a good working relationship. **Mindy Koch** said the meetings with the snowmobilers have been very productive.

### **BUDGET UPDATE**

**Dennis Fedewa** reported that House and Senate Appropriation subcommittee hearings are being held relative to the DNR budget.

**Commissioner Wheatlake** noted he has met with Representative Booher and Representative Walker, both of which appreciate DNR's process in handling the budget.

\* \* \*

**Bill Manson** stated that a bridge over I-75 has been completed (Red Creek Bridge) for snowmobile usage and has won an award from the Coalition for Recreation Trails in Washington, DC.

\* \* \*

The meeting adjourned at 11:00 a.m.